



ARTICLES OF ASSOCIATION
of Public Limited Liability Company
ŠIAULIŲ BANKAS

Article 1. General Provisions

- 1.1. Public Limited Liability Company Šiaulių Bankas (hereinafter referred to as the Bank) shall be a credit institution established in the Republic of Lithuania, having a licence for and engaged in accepting of deposits and other repayable funds from non-professional market participants and in lending of funds, and shall assume the related risks and liability. The Bank shall be established to act for an unlimited period of time.
- 1.2. The name of the Bank shall be Public Limited Liability Company Šiaulių Bankas.
- ~~1.3. The address of the Bank's seat shall be Tilžės 149, LT-76348 Šiauliai, the Republic of Lithuania.~~
- ~~1.4. The Bank shall have its seal with the following inscription: Lietuvos Respublika, AB Šiaulių Bankas (the Republic of Lithuania, Šiaulių Bankas AB). The Bank may have several seals containing different numbers.~~
- ~~1.5~~
- ~~1.3.~~ The Bank shall be engaged in providing financial services as well as such other activities as those in the absence of which financial services cannot be provided, which assist in the provision of the financial services or are otherwise directly related to the provision of the financial services.
- 1.64. The Bank shall be a private legal entity with limited civil liability. The Bank shall not be liable for the obligations of its shareholders, and the shareholders shall, unless it is prescribed in the laws otherwise, only have an obligation towards the Bank to pay up any and all subscribed shares at their issue price.
- 1.75. The Articles of Association may be amended under the procedure laid down by the laws.
- 1.86. The objectives of the Bank's activities shall include aiming at profit-making by providing the financial services provided for herein, encouraging customers and prospects to effectively use the financial services, aim at providing top-quality services to the customers, forming a positive image of the Bank and the banking system, raising public awareness of the financial and related services, rendering material and other support or aid to individuals or distinct fields, paying a special attention to culture, arts, science and sports.
- 1.97. The Bank, its employees and other persons who know the Bank's confidential information or the information which constitutes the Bank's secret, shall not disclose such information for unlimited period of time, except in the cases provided for in the law. The list of confidential information and the data deemed to be the Bank's secret, as well as the procedure for storing thereof and delivering to other persons, shall be set by the Board of the Bank and the legislation.
- 1.408. The Bank shall provide other entities with data and information pertaining to the financial services rendered by the Bank as well as other activities of the Bank only in cases and under the procedure laid down by the law.
- 1.449. In its activities, the Bank shall comply with the applicable legislation of the Republic of Lithuania and the institutions of the European Union regulating activities of banks.
- 1.4210. The Bank's financial year shall coincide with the calendar year.
- 1.4311. The Bank shall be entitled to grant support in accordance with the procedure laid down by the law and other legal acts.
- 1.4412. In the event that these Articles of Association are against the imperative rules of the law or in case they do not cover certain matters, provisions of the law shall apply.
- 1.4513. The following terms shall be used in the Articles of Association:
- 1.4513.1. The Meeting, which shall mean the general meeting of shareholders of the Bank;
- 1.4513.2. The Council, which shall mean the Supervisory Council of the Bank;
- 1.4513.3. The Board, which shall mean the Management Board of the Bank;
- 1.4513.4. The Head of the Bank, which shall mean the head of administration of the Bank.

Article II. The Bank's Activities and Financial Services Provided

- 2.1. Financial services rendered by the Bank shall be as follows:
- 2.1.1. Receipt of deposits and other repayable funds;
- 2.1.2. Lending (including mortgage loans);
- 2.1.3. Payment services;
- 2.1.4. Issuance and administration of ~~travel cheques~~, banker's drafts and other payment instruments;
- 2.1.5. Financial lease (leasing);
- 2.1.6. Granting of financial securities and financial guarantees;

- 2.1.7. Conclusion of transactions for its own or a customer's account in connection with money market instruments (checks, drafts, deposit certificates, etc.), foreign currency, financial futures and options, instruments for setting currency exchange rates and interest rates, open-circulation securities, precious metals;
 - 2.1.8. Investment services;
 - 2.1.9. Financial mediation (agency activities);
 - 2.1.10. Cash handling;
 - 2.1.11. Provision of information and advice on credit granting and payment matters;
 - 2.1.12. Rent of safe chambers;
 - 2.1.13. Currency exchange (in cash);
 - 2.1.14. Custody and administering of cash funds;
 - 2.1.15. Consultations for companies on capital structure, production strategy and related matters, also consultations and services related with reorganization, restructuring and acquisition of companies;
 - 2.1.16. Provision of services related to securities issues;
 - 2.1.17. Issuance and handling of electronic money;
 - 2.1.18. Offset of settlements between credit institutions (clearing);
 - 2.1.19. Management of investment funds, closed-end investment companies, pension funds or investment variable capital companies;
 - 2.1.20. Custody, accounting and management of financial instruments for the account of customers, including assets custody and other related services such as cash or financial collateral management.
- 2.2. The Bank shall provide licensed financial services listed above provided that it holds the relevant license issued under the procedure laid down by the law and other legal acts.
- 2.3. In addition to the provision of the licensed financial services specified in this article, the Bank shall be engaged in activities or shall enter into transactions that aid in providing financial services and are otherwise directly related to the provision of financial services.

Article III. Capital of the Bank

- 3.1. The capital of the Bank shall consist of equity and borrowed capital.
- 3.2. The equity capital of the Bank shall consist of:
 - 3.2.1. Authorized capital (reduced by the value of repurchased own shares);
 - 3.2.2. Reserve capital (reserve fund);
 - 3.2.3. Capital reserve (issue difference);
 - 3.2.4. Previous year's undistributed profit or loss;
 - 3.2.5. Fixed tangible assets revaluation reserve;
 - 3.2.6. Financial assets revaluation reserve;
 - 3.2.7. Statutory reserve or reserve capital;
 - 3.2.8. Reserve for the acquisition of the own shares; ~~the reserve shall be formed at the decision of the Meeting from the Bank's retained profit and shall be used for payment for the own shares to be repurchased;~~
 - 3.2.9. Current year's undistributed profit (loss);
 - 3.2.10. General reserve to cover possible losses in the assets. ~~The reserve shall be made of deductions from the Bank's profit or extra contributions of the Bank's shareholders. The purpose of the reserve shall be to cover the losses resulting from risks related to principal activities of the Bank;~~
 - 3.2.11. Reserve to allocate shares;
 - [3.2.12. accrued other comprehensive income;](#)
 - [3.2.13. other reserves.](#)
- 3.3. The borrowed capital of the Bank shall consist of the funds acquired by the Bank for ownership under borrowing relations, by issuing long-term debt securities (bonds) or by making loan agreements, provided that the repayment term is no less than 2 years and that the debt securities (bonds) and loans bear all the characteristics of a trust (subordinated) loan.
- 3.4. Total amount of the equity holdings of the Bank set out in paragraphs 3.2.1 to 3.2.4 and 3.2.7 above can be no less than the minimum amount laid down by the Law on Banks.
- 3.5. The authorized capital of the Bank shall be the total amount of the par values of all registered shares. The authorized capital of the Bank shall amount to EUR 174,210,616.27 (one hundred

seventy four million two hundred ten thousand six hundred sixteen euros and twenty seven cents). It shall be divided into 600,726,263 (six hundred million seven hundred twenty six thousand two hundred sixty three) ordinary registered shares. Par value of one share shall be EUR 0.29 (twenty nine cents).

- 3.6. Shares of the Bank shall be uncertificated; they shall be recorded by entries in the personal securities accounts of the shareholders.

Article IV. Shareholders of the Bank, their Rights and Duties

- 4.1. A shareholder of the Bank shall be a person who has acquired at least one share of the Bank in accordance with the procedure laid down by the law and other legal acts. All shares of the Bank shall grant equal rights. One share shall entitle to one vote.
- 4.2. Shareholders of the Bank shall have the following property rights:
- 4.2.1. To receive a part of the Bank's profit (dividend);
 - 4.2.2. To receive funds of the Bank when the authorized capital of the Bank is reduced in order to pay Bank's funds to the shareholders;
 - 4.2.3. To receive shares free of charge when the authorized capital is increased from the Bank's funds, except the cases provided for by the law;
 - 4.2.4. In case the shareholder is a natural person - to bequeath all or a part of his/her shares to one or several persons;
 - 4.2.5. Under the terms and conditions laid down by the law, to sell or in other way dispose of all or part of the shares into other persons' ownership;
 - 4.2.6. With the pre-emptive right, to acquire newly issued shares or convertible bonds of the Bank, except the case when the Meeting decides to revoke this right to all the shareholders under the procedure laid down by the law;
 - 4.2.7. To lend to the Bank in the ways prescribed by the law, but the Bank, when borrowing from its shareholders, shall not be entitled to pledge its assets to the shareholders. In the case the Bank borrows from its shareholder, the interest rate may not exceed the average interest rate of the commercial banks located in the living or business place of the lender, valid on the moment the loan agreement was concluded. In such a case, the Bank and the shareholders shall be prohibited from making an agreement on a higher interest rate;
 - 4.2.8. Other property rights provided for by the law.
- 4.3. The rights specified in paragraphs 4.2.1, 4.2.2, 4.2.3 and 4.2.6 shall be vested in the persons who were shareholders of the Bank at the close of the tenth working day after the general meeting of shareholders which adopted the relevant resolution.
- 4.4. Shareholders of the Bank shall have the following non-property rights:
- 4.4.1. To participate in the Meetings;
 - 4.4.2. To submit to the Bank the issues related with Meeting agenda in advance;
 - 4.4.3. To vote in the Meetings in accordance with the rights granted by the shares;
 - 4.4.4. To receive information on the Bank, as provided for in the Law on Companies;
 - 4.4.5. To apply to court with the claim seeking compensation for damage caused to the Bank that resulted from the failure to perform, improper performance or omission of the obligations of the Head of the Bank or the Board members provided for in the law and herein, as well as in other cases laid down by the law;
 - 4.4.6. Other non-property rights set forth by the law.
- 4.5. If a shareholder requests so in writing, the Bank shall provide publicly available information and documents to the shareholder free of charge. In the event the shareholder requests other documents and information that is reasonably needed for the shareholder to comply with the mandatory requirements provided for in other legislation, the Bank has the right to request the shareholder to reimburse the costs arising from the provision of such documents / information.
- 4.6. A share shall not be divisible into fractions. In case one share belongs to several owners, all such owners shall be deemed a single shareholder. In this case the shareholder shall be represented by one of the owners by virtue of a notarised power of attorney. All owners of the share shall be jointly and severally liable for the obligations of the shareholder.
- 4.7. Shares shall be subscribed, paid up and transferred in accordance with the law.

Article V. Bodies of the Bank

- 5.1. Bodies of the Bank shall be as follows: the Meeting, the Council, the Board and Head of administration of the Bank (CEO). The Board and Head of the Bank shall be the managing bodies of the Bank.
- 5.2. The managing bodies of the Bank shall act only in the interests of the Bank and its shareholders, shall observe laws and other legal acts and shall comply with the Articles of Association.

Article VI. General Meeting of Shareholders

- 6.1. The persons who are shareholders of the Bank at the close of the accounting day of the Meetings shall be entitled to participate and vote at the Meeting or repeated Meeting in person, except in the statutory exceptions, or be represented by persons authorized by them or persons with whom an agreement on the assignment of the voting right is made. The shareholder's right to participate in the Meeting also includes the right to speak and to ask. Board members, Council members, Head of the Bank, inspector of the Meeting, the auditor who draws up the auditor's opinion and audit report on financial statements, shall also be entitled to participate and speak at the Meeting.
- 6.2. Accounting day of the Meeting shall be the 5th working day before the Meeting or the 5th working day before the repeated Meeting.
- 6.3. The Meeting shall have the exclusive right to:
 - 6.3.1. Amend the Articles of Association, save for the cases provided for in the law;
 - 6.3.2. Change the seat of the Bank;
 - 6.3.3. Elect the Council members;
 - 6.3.4. Revoke the Council or its individual members;
 - 6.3.5. Elect and revoke the audit company performing the audit of the annual financial statements, set the terms of payment for audit services;
 - 6.3.6. Approve the ~~set of~~ annual financial statements of the Bank, [except for the exceptions established by law](#);
 - 6.3.7. Set the class, number, par value and minimum issue price of the shares issued by the Bank;
 - 6.3.8. Adopt a resolution regarding:
 - 6.3.8.1. Issuance of convertible bonds;
 - 6.3.8.2. Cancellation of the pre-emptive right to acquire shares or convertible bonds of the Bank of a given issue for all of the shareholders;
 - 6.3.8.3. Conversion of the Bank's shares from one class into another, approval of the conversion order;
 - 6.3.8.4. Distribution of profit/loss;
 - 6.3.8.5. Formation, use, reduction and cancellation of reserves;
 - 6.3.8.6. Increase of the authorized capital;
 - 6.3.8.7. Decrease of the authorized capital, with the exception of the cases provided for by the law;
 - 6.3.8.8. Acquisition by the Bank of its own shares;
 - 6.3.8.9. Approval of the rules for the allocation of shares to employees and/or members of the bodies;
 - 6.3.8.10. Reorganization or spin-off of the Bank and approval of the terms of such reorganization or spin-off with the exception of cases provided for in the Law on Companies [of the Republic of Lithuania](#);
 - 6.3.8.11. Restructuring of the Bank;
 - 6.3.8.12. Liquidation of the Bank, cancellation of liquidation, with the exception of the cases provided for by the law;
 - 6.3.8.13. Approval of the Remuneration Policy.
 - 6.3.9. Elect and revoke the liquidator of the Bank, with the exception of the cases provided for by the law.
- 6.4. The Meeting may also address other matters if they are not assigned to the competence of other bodies under the laws and Articles of Association and if such matters are not the function of managing bodies of the Bank. The Meeting shall not be entitled to assign other bodies of the Bank to deal with the matters which are within its competence.
- 6.5. The Meeting shall be deemed to have been held and shall adopt resolutions if the shareholders holding more than 1/2 of all the votes are present. Quorum shall be established in accordance with

the data recorded on the shareholders' registration list. Chairperson of the Meeting shall inform everybody in the beginning of the Meeting whether the quorum is present. In case the quorum is present, it shall be considered present throughout the Meeting. In case there is no quorum, a repeated Meeting shall be convened under the procedure laid down by the law, which shall have the right to pass decisions only in accordance with the agenda of the failed meeting. The latter Meeting shall not be subject to the quorum requirements.

- 6.6. If a shareholder, in the cases provided for in the law, cannot vote in adopting resolutions on specific matters, the voting results for such specific matters shall be established by the number of the votes of the shareholders who are present at the Meeting and are entitled to vote on that matter.
- 6.7. Shareholders attending the Meeting shall be registered in the registration list. Such list shall show the number of the votes of each shareholder that his/her shares carry. Head of the Bank or his authorized person shall arrange the registration of the shareholders, and the chairperson and secretary of the Meeting shall sign the registration list. If no secretary is elected, the list shall be signed by the chairperson of the Meeting. If all the participating shareholders voted in writing, the list shall be signed by the Head of the Bank.
- 6.8. A person participating in the Meeting and entitled to vote, shall produce a personal ID document. The person, being not a shareholder, shall additionally produce a document supporting his/her right to vote at the Meeting. The document has to be enclosed with the general voting ballot when the voting is in writing.
- 6.9. Resolution of the Meeting shall be deemed adopted if the votes "in favour" outnumber the votes "against", provided that no larger majority is established by the law or Articles of Association. If a shareholder is registered in the registration list and his/her votes are included into quorum, but such shareholder doesn't participate in the voting, he/she shall be deemed as having not voted.
- 6.10. Resolutions on the matters specified in par. 6.3.1, 6.3.7, 6.3.8.1, 6.3.8.3-6.3.8.7, 6.3.8.9-6.3.8.13 shall be adopted by the majority vote which may not be less than 2/3 of all the votes carried by the shares of the shareholders attending the Meeting. Resolutions on the matter specified in par. 6.3.8.2 shall be adopted by the majority vote which may not be less than 3/4 of all the votes carried by the shares of the shareholders who are present at the Meeting and are entitled to vote on that matter.
- 6.11. Voting at the Meeting shall be by open ballot. On matters where at least one shareholder wishes secret ballot, which is supported by shareholders who represent no less than 1/10 of the votes in that Meeting, secret ballot on that matter shall be obligatory for all the shareholders. A shareholder may vote in writing by filling out a general voting ballot which may be transmitted to the Bank and by electronic means of communication in accordance with the procedure established by legal acts, provided that security of the transmitted information is ensured and the shareholder's identity can be verified. If the shareholder exercises his/her right to vote in writing, he/she, having familiarised with the agenda and draft resolutions of the Meeting, shall fill out and deliver to the Bank the general voting slip, stating his/her "in favour" or "against" separately for each resolution. The shareholders who vote in writing in advance shall be considered participating at the Meeting and their votes shall be included in the quorum and in the voting results. General voting papers of the failed Meeting shall be valid in the repeated Meeting. A shareholder may not vote at the Meeting on the matters he/she has already expressed his/her will in writing in advance.
- 6.12. The Board and the Council as well as the shareholders who have no less than 1/10 of all the votes shall have the power of initiative to convene the Meeting.
- 6.13. The Meeting shall be convened at the decision of the Board. The Meeting shall be convened at the decision of the Head of the Bank when the number of the Board members is half or less than it is provided herein or if the Board fails to convene the Meeting in the cases and under the terms provided herein.
- 6.14. The Meeting may be convened at the decision of the shareholders whose shares entitle them to over 1/2 of all the votes carried by their shares, if the Board or, in the cases referred to in par. 6.13 hereof, the Head of the Bank fail to pass the decision to convene the Meeting within 10 days after receipt of a written application from the initiators of the Meeting.
- 6.15. The Meetings shall be ordinary and extraordinary.
- 6.16. The ordinary Meeting shall take place annually, within three months after the close of a financial year.
- 6.17. The extraordinary general Meeting must be convened if:
 - 6.17.1. The number of the Board members falls below 2/3 of the number provided herein or below the minimum number set forth by the law;

- 6.17.2. Equity capital of the Bank falls below 1/2 of the authorized capital specified herein and this matter was not discussed at the ordinary Meeting;
- 6.17.3. Audit company terminates the contract with the Bank or is unable to audit the annual financial statements of the Bank for other reasons;
- 6.17.4. It is requested by the shareholders with the right of initiative, the Board or the Council;
- 6.17.5. It is requested by supervising authority;
- 6.17.6. Other matters, attached to the Meeting's competence, are to be addressed;
- 6.17.7. It is requested by the law.
- 6.18. The body of the Bank, persons or authority which passed the decision to convene the Meeting, shall deliver to the Bank the information and the documents necessary for drafting the notification about the Meeting. The Bank shall announce about the Meeting being convened ~~on the Bank's website, in the electronic publication for announcement of public notifications managed by manager of the Register of Legal Entities under the procedure prescribed by the Government and in the Central database of regulated information~~ at least 21 day before the date of the Meeting. The Head of the Bank or the chairperson of the Meeting shall inform the shareholders about the documents proving due notification of the shareholders about the Meeting at the beginning of the Meeting. These documents are to be enclosed with the minutes of the Meeting.
- 6.19. The notification of the convening of the Meeting shall contain the information specified in the law.
- 6.20. If a repeated Meeting is convened, the shareholders shall be notified ~~in the way provided for in par. 6.18 above~~ at least 14 days before the date of the repeated Meeting. A repeated Meeting shall be convened no earlier than 14 days after and no later than 21 days after the date of the failed Meeting.
- 6.21. The Meeting shall not be entitled to adopt resolutions on the other matters that have not been included in the agenda, except in cases when the Meeting is attended by all the shareholders with the voting right carried by their shares and none of the shareholders has voted in writing. The agenda of the failed Meeting shall only be valid at the repeated Meeting.
- 6.22. If the agenda of the Meeting presented in the notification of the Meeting is supplemented, the shareholders shall be informed about such supplementations in the same manner as the one of convening the Meeting no later than 10 days before the Meeting.
- 6.23. Before consideration of the agenda matters and voting, the Meeting shall solve procedural matters – shall elect chairperson, secretary etc. Head of the Bank shall hold the chair before the Meeting elects the chairperson. Election of secretary shall be optional if less than 3 shareholders participate in the Meeting. No chairperson and secretary shall be elected if all participating shareholders already voted in writing.
- 6.24. The course of the Meeting, voting results, resolutions and other significant circumstances shall be recorded in the minutes.
- 6.25. The minutes of the Meeting shall be signed by its chairperson and secretary; persons authorized by the Meeting can also sign the minutes. If no secretary is elected, chairperson shall sign the minutes. If all the participating shareholders voted in writing, Head of the Bank shall draw up and sign the minutes in accordance with the votes received. The minutes of the Meeting shall be signed no later than within 7 days.
- ~~6.26. The registration list of participants of the Meeting, powers of attorney and other documents evidencing persons' rights to vote, general voting papers of the shareholders who voted in advance, as well as the documents proving due notification of the shareholders on the Meeting, notes to the minutes and conclusion regarding such notes of the persons who sign the minutes shall be enclosed with the minutes of the Meeting.~~
- 6.26. The documents specified in Law on Companies shall be appended to the minutes of the Meeting.

Article VII. Supervisory Council of the Bank

- 7.1. The Council shall be a collegial body supervising the activities of the Bank and directed by its chairperson. The number of members of the Council shall be 8 (eight)(at least 1/3 must be independent), it shall be elected by the Meeting. During the election of the Council members, each shareholder shall have the number of votes which is equal to the number of votes carried by the shares held by him/her multiplied by the number of members of the Council being elected. The shareholders shall distribute the votes at their discretion, giving them for one or several candidates. Candidates who receive the greatest number of votes shall be elected. If the number of candidates who received an equal number of votes is larger than the number of vacancies in the Council, a

repeated voting shall be held in which each shareholder may vote only for one of the candidates who received an equal number of votes. The Council shall be elected for a 4-year term.

- 7.2. A new member for the vacancy may be elected by the Meeting in the general order for the period till the end of the Council's term.
- 7.3. The following persons may not serve on the Council:
 - 7.3.1. Head of the Bank;
 - 7.3.2. Board member of the Bank;
 - 7.3.3. [an auditor or an employee of an audit firm who is and/or has been involved in an audit of the Bank's financial statements conducted within the past two years;](#)
 - 7.3.4. [member of the management body of a subsidiary of the Bank;](#)
 - 7.3.5. A person who, pursuant to the laws, is not entitled to hold such position.
- 7.4. A Council member may be re-elected for the next term. The number of the terms for the Council members shall be unlimited. A member of the Council may resign from office prior to the expiry of his/her term upon giving a written notice thereof to the Bank at least 14 days in advance. Council members may be paid tantiemes for their work in the Council in the procedure prescribed by the law. A Council member shall have the right to grant authorization of ordinary written form to another member of the Council in order to represent him/her during voting at the sitting of the Council.
- 7.5. The Council or its members shall commence their activities upon the closure of the Meeting which elected it or its members and shall continue performing their functions for the period specified in par.7.1 above or until a new Council is elected, but no longer than till the ordinary Meeting of the year when its term ends.
- 7.6. The first meeting of the Council shall be convened and the agenda proposed by a member of the Council appointed by the Meeting. Subsequent meetings shall be convened by the chairperson of the Council. The Council Meetings may also be convened by decision of no less than 1/3 of the Council members. Meetings of the Council shall be convened as established under the Rules of Procedure of the Council. The meetings of the Council must be convened at least four (4) times per year; the interval between the two subsequent meetings of the Council cannot be longer than 4 months.
- 7.7. Chairperson of the Council shall be elected by the Council from among the Council members.
- 7.8. The Council shall act in accordance with its Rules of Procedure unanimously approved by the Council. The Council members shall have equal rights.
- 7.9. A Council meeting shall be deemed to have been held and the Council shall adopt resolutions if more than a half of its members attend the meeting. The Council members who voted in advance shall be deemed to have attended the meeting.
- 7.10. A resolution of the Council shall be adopted if the votes "in favour" outnumber the votes "against". The resolution of the Council specified in articles 7.12.5 and 7.12.4213 below can be approved if all the members of the Council vote "in favour". A resolution of the Council to revoke the Board member may be adopted if no less than 2/3 of the Council members attending the meeting vote "in favour". [If a Council member is unable to attend the meeting, he/she](#) can communicate his/her will - "in favour" or "against" the resolution the draft of which he/she has familiarized with – by voting in writing or by electronic means of communication, provided that security of the information transmitted is ensured and it is possible to identify the voting person. Resolutions of the Council can be adopted in the way the Council members vote in writing if none of the Council members objects. At voting each member has one vote. In case of a tie, Council chairperson's vote is decisive. If there is no Council chairperson or he/she doesn't participate in the adoption of the resolution, then in case of a tie the resolution shall be deemed non-adopted.
- 7.11. Meetings of the Council shall be taken on record under the procedure prescribed by the law. Written minutes of the meetings of the Council shall be made available to all Council members, including those who have not participated at the meeting, within no later than 5 days, or if this is impossible, as soon as the possibility arises. Each member of the Council shall confirm in writing his familiarization with the minutes of the Council meeting and, if he/she disagrees with the resolutions adopted, shall submit a protest in writing to the Council immediately.
- 7.12. The Council shall:
 - 7.12.1. Elect members of the Board and remove them from office, make recommendations to the Board regarding the candidature for the chairperson of the Board. Prior approval of the Council shall be necessary before setting salaries of the Board members who hold other positions in the Bank, Head of the Bank and his/her deputies, as well as other terms of employment contract. If the Bank operates at a loss, the Council must consider the suitability of the Board members for their

positions;

7.12.2. Elect the members of the auditing committee;

7.12.3. Supervise the activities of the Board and the Head of the Bank;

7.12.4. Supervise the implementation of the plans for the Bank's activities, analyse the Bank's income and expense, as well as its own investments and the issues of sufficiency of the capital of the Bank;

7.12.5. ~~Adopt~~Consider and approve the Rules of Procedure of the Council;

7.12.6. Approve the plans for the Bank's activities and the annual budget;

7.12.7. Approve any policy related to the activities of the Bank, including the risk management policy;

~~7.12.8.~~ Approve the description of the procedures and conditions for the valuation of transactions with related parties which are carried out in the ordinary course of business at arm's length as defined in the Law on Companies;

~~7.12.9.~~ Ensure that the Bank has an effective internal control system;

~~7.12.10.~~ Submit to the Meeting proposals and comments on the Bank's activity strategy, the ~~set of~~ annual financial statements of Bank, draft income (loss) distribution and the annual report of the Bank, also on the activities of the Board and the Head of the Bank, submit to the Meeting comments and proposals regarding the draft rules for the allocation of shares, draft remuneration policy and draft remuneration report;

~~7.12.11.~~ Approve the loan granting policy and set the procedure for lending that can be possible only after the approval of the Council.

~~7.12.12.~~ Submit proposals to the Board and the Head of the Bank on revoking of their decisions that are in conflict with law and other legal acts, these Articles of Association and the resolutions of the Meeting;

~~7.12.13.~~ Set the list of transactions and decisions the entering into or implementation of which requires that the Bank management bodies obtain the approval of the Council.

~~7.12.14.~~ Adopt resolutions within the competence of the Council as attributed to it in accordance with the procedures approved by the Council which the latter must issue in accordance with the law, these Articles and the resolutions of the Meeting;

~~7.12.15.~~ Consider and resolve other matters which should be considered and resolved by the Council in accordance with the law, these Articles and the resolutions of the Meeting.

7.13. Each member of the Council shall take all appropriate measures to ensure that the Council addresses matters within its competence and that its decisions are in line with the requirements set by legal acts. A Council member who fails to perform or improperly performs such obligation or any other obligations prescribed by other legal acts, shall be liable in the same manner as members of the managing bodies of the Bank in accordance with the law, Articles of Association and the agreements entered into with the Bank.

7.14. The Council shall have no right to assign or delegate its functions prescribed to it by the law or the Articles of Association to be carried out by other bodies of the Bank.

7.15. The Council shall be entitled to request the Board and the Head of the Bank to produce documents, data and other information relating to the activities of the Bank.

Article VIII. The Board of the Bank

8.1. The Board shall be a collegial managing body of the Bank consisting of seven (7) members. ~~It shall manage the Bank, handle its matters and be liable for the performance of the Bank's financial services as prescribed by law.~~

8.2. The working procedures of the Board shall be established under the Rules of Procedure of the Board.

8.3. The Board shall be elected by the Council for a term of 4 years. If individual Board members are elected, they shall be elected only till the expiry of the term of the active Board.

8.4. Only legally capable natural persons can be members of the Board. The number of terms of a member of the Board shall be unlimited. Member of the Council may not be a Board member. The position of a member of the Board may neither be held by a person who by law is not entitled to hold such position.

8.5. The Board shall elect the chairperson of the Board and deputies of Board's chairperson from among its members. Board members may be paid tantiemes for their work in the Board under the procedure prescribed by the law.

- 8.6 A Board member shall have the right to grant authorization in an ordinary written form to another Board member in order to represent him/her at voting during the meeting of the Board.
- 8.7. A member of the Board may resign from his/her post before the expiry of his/her term by notifying the Bank in writing at least 14 calendar days in advance.
- 8.8. The Board meetings shall be convened periodically, but no less times than once a month. The meetings shall be convened by the chairperson of the Board. Each member of the Board shall have the power of initiative to convene a Board meeting.
- 8.9. A Board meeting shall be deemed held and the Board shall be able to adopt resolutions if it is attended by 2/3 and more of its members. If a Board member is unable to participate in the meeting, he/she can communicate his/her will - "in favour" or "against" the resolution the draft of which he/she has familiarized with – by voting in advance in writing or by electronic means of communication, provided that security of the information transmitted is ensured and it is possible to identify the voting person. The Board members who voted in advance shall be deemed present at the meeting. Resolution of the Board shall be adopted if the votes "in favour" outnumber the votes "against". Resolutions of the Board may also be adopted by opinion-poll in writing, provided that none of the Board members object. At voting, each member shall have one vote. In case of a tie, the vote of the chairperson of the Board shall be decisive. If there is no chairperson of the Board or he/she doesn't participate in the resolution adoption, then in case of a tie, the resolution shall be deemed non-adopted. A Board member shall not be entitled to vote when the matter related to his/her performance in the Board or his/her responsibility is considered.
- 8.10. The Board shall consider and approve:
 - 8.10.1. Annual report of the Bank;
 - 8.10.2. The structure of the Bank's management and positions; ~~posts to which persons are recruited only by holding competitions;~~
 - 8.10.3. Regulations of the branches, representative offices and other divisions of the Bank;
 - 8.10.4. Procedure for loan granting by the Bank, following the loan granting policy approved by the Council;
 - 8.10.5. Procedure for issuing guarantees, sureties and assuming of other liabilities;
 - 8.10.6. procedure for writing-off of loans and other debt liabilities;
 - 8.10.7. Regulations of loan committee and risk management committee of the Bank;
- 8.11. The Board shall elect (appoint) and remove from office the Head of the Bank. The Board shall set the salary and other terms of employment contract with the Head of the Bank, approve regulations by positions, apply incentives and impose penalties on the Head of the Bank.
- 8.12. The Board shall determine the information to be considered the Bank's commercial secret and confidential information.
- 8.13. The Board shall adopt:
 - 8.13.1. Decisions on the Bank's becoming the incorporator, member of other legal entities;
 - 8.13.2. Decisions on opening branches, representative offices and other divisions of the Bank as well as on termination of their activities;
 - 8.13.3. Decisions on the investment, transfer or lease of long-term assets the value whereof amounts to over 1/20 of the Bank's authorized capital (calculating separately for each kind of transaction);
 - 8.13.4. Decisions on the mortgage or hypothecation of long-term assets the value whereof amounts to over 1/20 of the Bank's authorized capital (calculating separately for each kind of transaction);
 - 8.13.5. Decisions on offering guarantee or surety for the discharge of obligations of other entities, when the amount of the obligations exceeds 1/20 of the Bank's authorized capital;
 - 8.13.6. Decisions on the acquisition of long-term assets the price whereof exceeds 1/20 of the Bank's authorized capital;
 - 8.13.7. Decisions on issuing of non-convertible bonds;
 - 8.13.8. ~~Rules of Procedure of the Board;~~
 - ~~8.13.9.~~ Decisions on other matters it has to consider or resolve under the law or the Articles of Association.
- 8.14. The Board shall establish:
 - 8.14.1. Terms for issue of the shares of the Bank;
 - 8.14.2. Procedure for issuing the bonds of the Bank. When the Meeting adopts a resolution regarding issuing of convertible bonds, the Board shall be entitled to establish additional terms of the issuing and to approve bond subscription agreements, power of signature whereof is vested in

- the Head of the Bank or his/her authorized person;
- 8.14.3. Procedure and cases of employment with the Bank, when the employees are engaged subject to the Board's approval.
- 8.15. The Board shall carry out the resolutions adopted by the Meeting and the Council.
- 8.16. The Board shall analyse and evaluate the material submitted by the Head of the Bank on:
- 8.16.1. The Bank's strategic business plan and information on the implementation thereof;
- 8.16.2. Organising of the Bank's activities;
- 8.16.3. Financial situation of the Bank;
- 8.16.4. Results of business activities, income and expenditure estimates, stock-taking data and other records of the changes in assets.
- 8.17. The Board shall analyse, assess ~~the set of:~~
- [8.17.1.](#) the Bank's annual financial statements and draft of the profit/loss distribution and, together with Bank's annual report, shall submit them to the ~~Board Council~~ and the Meeting-;
- [8.17.2.](#) ~~the draft rules for the allocation of shares and the draft remuneration policy and shall submit them to the Council and the Meeting, together with its feedback and proposals thereon.~~
- 8.18. The Board shall also address other matters of the Bank's activities if by law or under the present Articles of Association they have not been attributed to the competence of other managing bodies.
- 8.19. The Board shall be responsible for convening and holding the Meetings in due time.
- 8.20. The Board shall deliver to the Council all the documents, data and other information concerning Bank's activities requested by it.
- 8.21. Meetings of the Board shall be taken on record as prescribed by the law. Written minutes of the meeting of the Board shall be made available to all Board members, including those who did not attend the Meeting, within no later than 5 days or, if this is impossible, as soon as the possibility arises. Each Board member shall confirm in writing his/her familiarization with the minutes of the Board meeting and, if he/she disagrees with the resolutions adopted, shall submit a written protest to the Board immediately.
- 8.22. The Board shall perform its functions for the term established in the Articles of Association or until a new Board is elected and commences its work, but no longer than until the ordinary Meeting that will take place in the year when the Board's term ends. The Council may revoke the entire Board or its individual members before expiration of their term.
- 8.23. The chairperson of the Board shall direct work of the Board, ~~convene the Board meetings~~ and performs other functions provided for in the Rules of Procedure of the Board.
- 8.24. The chairperson of the Board shall simultaneously act as the head of administration of the Bank or deputy head of administration of the Bank; deputies of the chairperson of the Board shall simultaneously act as the head of administration of the Bank or the deputy head of administration of the Bank. ~~Other Board members can simultaneously hold the position of deputy head of the Bank.~~ The Board members can also simultaneously hold other positions in the Bank in accordance with relevant [employment](#) contracts concluded with them.
- 8.25. Each member of the Board shall take all appropriate measures to ensure that the Board addresses matters within its competence and that its decisions are in line with the requirements set by legal acts. A Board member who fails to perform or improperly performs such obligation or any other obligations prescribed by other legal acts, shall be liable in accordance with the law, Articles of Association and the agreements entered into with the Bank.

Article IX. Head of Administration of the Bank

- 9.1. Head of the Bank shall be a single-person managing body of the Bank. Head of the Bank shall have at least one deputy.
- 9.2. Both the Head of the Bank and his/her deputy must be ~~a natural person;~~ [the members of the Board.](#) Head of the Bank and his/her deputy cannot be the person who, under the law or other legal acts, is not entitled to hold such position.
- 9.3. Employment contracts shall be concluded with the Head of the Bank and his/her deputy. The employment contract with the Head of the Bank shall be signed by a Board member authorized by the Board. The employment contract with the Deputy Head of the Bank shall be signed by the Head of the Bank on behalf of the Bank. The Head of the Bank, having obtained a prior approval of the Council, shall set the salary and other conditions of the employment contract of the Deputy Head of the Bank. If the Board adopts a decision to remove the Head of the Bank or his/her deputy, the respective employment contract shall be terminated.

- 9.4. The Head of the Bank shall:
 - 9.4.1. Arrange day-to-day activities of the Bank;
 - 9.4.2. Recruit and dismiss employees of the Bank, conclude and terminate employment contracts with them, apply incentives and impose penalties on them. The Head of the Bank shall be entitled to authorize another Bank employee for carrying out the aforementioned actions;
 - 9.4.3. Without a special authorization represent the Bank in its relations with other persons, in court and arbitration;
 - 9.4.4. Grant and revoke powers of attorney for representing the Bank and procurements;
 - 9.4.5. Issue orders;
 - 9.4.6. Perform other actions necessary to perform his/her functions, to implement decisions of the Bank's bodies and to ensure the Bank's activities.
- 9.5. The Head of the Bank shall be responsible for:
 - 9.5.1. Arrangements on the Bank's performance and achievement of its objectives;
 - 9.5.2. Compiling of the ~~set of~~ annual financial statements and drawing up of the Bank's annual report;
 - 9.5.3. [Drafting the remuneration policy, the remuneration report and the rules for the allocation of shares;](#)
 - 9.5.4. [Making of a contract with an audit company;](#)
 - 9.5.45. Delivery of information and documents to the Meeting, the Board and the Council in the cases provided for by the law or upon their request;
 - 9.5.56. Delivery of the Bank's documents and data to the manager of the Register of Legal Entities;
 - 9.5.67. Delivery of the documents to the Bank of Lithuania and to the Central Securities Depository;
 - 9.5.78. Public announcement of the information established by the law and other legal acts, in the sources specified in the Articles of Association;
 - 9.5.89. Submission of information to the shareholders;
 - 9.5.9-9.5.10. [Drafting of the procedures for participation and voting at the Meeting by electronic means;](#)
 - 9.5.11. [Drafting of the procedures and conditions for the valuation of transactions with related parties which are carried out in the ordinary course of business at arm's length;](#)
 - 9.5.12. Performance of other duties prescribed by the law and legal acts, these Articles of Association and work regulations by position established by the Head of the Bank.
- 9.6. The Head of the Bank shall act on the Bank's behalf and shall be entitled to enter into transactions at his/her sole discretion, save for the exceptions stated herein or in the resolutions of the bodies of the Bank.
- 9.7. The Head of the Bank and the Deputy, acting jointly and having the same opinion, shall be entitled to enter into subordinated loan agreements specified in par.8.13.3 to 8.13.6 above, provided that the Board has approved the entering into such transactions. If the procedures of the Bank and resolutions of the Council require the approval of the Council for entering into the transactions referred to in the paragraph, the Head of the Bank and his/her deputy shall only be entitled to conclude such transactions only upon obtaining the approval of the Council.
- 9.8. The Head of the Bank and his/her deputy, failing to perform or performing improperly their duties prescribed by legal acts or the Articles of Association, shall be liable in accordance with the law, the Articles of Association and the contracts made with the Bank. Liability of other employees of the Bank in connection with any damage incurred by the Bank through the fault of such employees shall be established under the law of the Republic of Lithuania.

Article X. Procedure for Adopting Resolutions Regarding Opening and Closing of Branches, Representative Offices and other Divisions of the Bank and Procedure for Appointment and Removal of Heads of the Branches and Representative Offices of the Bank

- 10.1. The Bank (in the relevant cases holding the necessary licenses) shall be entitled to open branches and representative offices within and outside the Republic of Lithuania.
- 10.2. The Bank shall also be entitled to open other separate divisions of the Bank (customer service units, etc.) and work places and to set up automated outlets.
- 10.3. The Board shall adopt resolutions regarding incorporation, merger and closing of branches, representative offices and other separate divisions of the Bank. The Board shall approve the by-laws of branches, representative offices and other separate divisions of the Bank.
- 10.4. The Board shall establish the procedure for appointment of the heads of branches and

- representative offices of the Bank, approve candidacies proposed by the Head of the Bank to the posts of the heads of the branches and representative offices of the Bank.
- 10.5. Branches, representative offices and other separate divisions of the Bank can have a stamp. They shall act in accordance with the laws, other legal acts and the Articles of Association, without exceeding the powers granted by the Bank, following the regulations approved by the Board. The powers granted shall be stated in the relevant regulations.
 - 10.6. Operations performed by the branches and other separate divisions of the Bank shall be included in the Bank's balance sheet.
 - 10.7. Customer service departments shall be territorial divisions of the Bank located in places other than the Bank's seat, acting without exceeding the powers granted by the Bank and following the regulations approved by the Bank.

Article XI. Committees of the Bank

- 11.1. The Bank shall have the following standing non-structural subdivisions: a loan committee, an audit committee, a remuneration committee, a nomination committee, a risk committee and a risk management committee. [The Bank may also have other committees provided for in the Bank's internal regulations.](#) Procedure for forming, acting and competence of the committees shall be established in accordance with legal acts, these Articles of Association, regulations of the committees and other documents approved by the bodies of the Bank. In compliance with the law and regulations of the supervisory authorities, the composition, competences and performance of the audit committee, remuneration committee, risk committee and the nomination committee shall be approved by the Council.
- 11.2. The loan committee shall analyse the loan presentation material, decide whether or not to approve the loan granting, ~~or change of in the loan terms of the loans, shall~~, evaluate the loan risk, [carry out loan review and monitoring](#), make proposals for loan granting, [and improvement of the loan administration procedure improvement procedures](#), and ~~shall~~ perform other functions set forth in the regulations thereof.
- 11.3. The risk management committee shall perform the functions related to efficiency of the Bank's activities, taking into consideration the acceptable risk parameters and integrally applying interest rate, capital and liquidity management, and shall perform other functions set forth in the regulations thereof.
- 11.4. The audit committee shall address the matters related with improving of the internal control system of the Bank and work improvement of the internal audit subdivision, shall ensure independence of performance of the internal audit subdivision, organize the selection of an external audit firm, coordinate allocation of the auditable fields between the internal and external auditors, consider other matters provided for in the legal acts of supervision authorities and regulations of the audit committee. In compliance with the legal acts of supervisory authorities, the audit committee shall be formed, its competence and performance shall be defined, regulations approved and performance supervised by the Council.
- 11.5. The remuneration committee shall assess the variable remuneration policy, practices and incentives ~~created in order to manage the Bank assumed established for the management of the Bank's~~ risks, capital and liquidity, ~~shall~~ supervise the ~~variable remunerations of the managerial staff responsible for the independent control functions including remuneration to managers in charge of risk management and compliance monitoring, shall prepare function,~~ draft resolutions [regarding on variable remuneration, advise the Council on the variable gender neutrality of remuneration policies](#) and perform other functions provided for in its regulations.
- 11.6. The nomination committee shall nominate and recommend, for the approval of the bodies of the Bank or for the approval of the Meeting, candidates to fill the vacancies in the Bank's bodies, shall evaluate the balance of the skills, [evaluate the target number of the underrepresented gender within the Bank's bodies](#), knowledge and experience of the members of the bodies of the Bank and suitability for the position, shall submit respective comments and findings, shall assess the structure, size, composition, performance results and shall carry out other functions provided for in its regulations.
- 11.7. The risk committee shall advise the bodies of the Bank on the overall current and future risk acceptable to the Bank, the strategy, and shall assist in supervising the implementation of that strategy at the Bank, shall verify whether in the offering of the prices of liabilities and assets to clients, the Bank's business model and risk strategy are fully taken into account, and shall also

shall carry out other functions provided for in its regulations.

Article XII. Internal Controls of Activities of the Bank

- 12.1. Requirements for the internal control over the activities of the Bank shall be established by the law and legal acts of the supervisory authority. the internal control over the activities of the Bank shall be ensured by a reliable and duly functioning internal control system as well as independent and duly functioning internal audit division. The internal audit division shall be directed by the head of the internal audit division. The position of the head of the internal audit division may only be held by a natural person.
- 12.2. The internal audit division shall be the Bank's subdivision rendering conclusions regarding the quality and observation of the policies and procedures which shall analyse and assess the adequacy and effectiveness of the internal control system, the application of different internal control procedures, which shall check whether the risks assumed are within the risk limits set by the Bank, which shall perform special audits that are in line with the regulations of the internal audit division, also shall perform other functions set forth in its regulations. The audit committee shall set the functions of the internal audit division as well its formation and the rules of procedure.
- ~~12.3. In accordance with the requirements of the Law on Companies of the Republic of Lithuania, transactions with a related party value of which equals to or exceeds 1/5 of the Bank's authorized capital shall be considered as having significant effect on the Bank, the Bank's finances, assets and liabilities.~~

Article XIII. Procedure for Making of Announcements by the Bank

- 13.1. ~~Notifications~~Notices of the Bank shall be announced and publicized by the Head of the Bank based on the documents and information provided. ~~The notifications that in cases prescribed by the law and other legal acts must be announced in public, shall be placed in the electronic publication for public notifications issued by the manager of Register of Legal Entities in accordance with the procedure prescribed by the Government. Notifications may also be delivered to the addressee upon signature or sent by mail (including registered mail). If the law and other legal acts prescribe any specific way of announcement, the notifications must be announced in such manner.~~
- ~~13.2. Notices of convention of the Meeting shall be made public and related information shall be provided to the shareholders in accordance with the procedure set out in the Law on Companies and the Law on Securities.~~
- ~~13.3. Notices that in cases prescribed by the law and other legal acts must be public, except for the notices referred to in p. 13.2, shall be published in the electronic bulleting of the manager of the Register of Legal Entities according to the procedure prescribed by the Government. Notices may also be delivered to the addressee upon signed acknowledgement or sent by post (including registered post). If the laws and other legal acts prescribe any specific way of publication, notices must be published in the prescribed manner.~~
- 13.2. In the cases prescribed by the law or the Articles of Association, ~~notifications~~notices may be sent by ~~communication~~ means ~~(such as in writing by fax or e-mail).~~of communications.

Article XIV. Final Provisions

- 14.1. The present Articles of Association shall come into effect after they are registered with the Register of Legal Entities under the procedure prescribed by the law and other legal acts.
- 14.2. Amendments to the Articles of Association shall come into effect after they are registered with the Register of Legal Entities under the procedure prescribed by the law and other legal acts.

The person authorized by the general meeting of shareholders of Public Limited Liability Company Šiauliu Bankas:

Head of the Bank

/signature/ seall

Vytautas Sinius

The Articles of Association signed on

31/03/[2023](#)